



Legislative Audit Division

Performance Audit Summary

Improving In-Home Services Contract Monitoring

May 2006

Introduction

The Child and Family Services Division (division) of the Department of Public Health and Human Services provides in-home services to children and families to mitigate actual or potential risks of child abuse and neglect. In-home services refer to a broad array of services such as teaching parents basic life-skills, coordinating community-based services, and providing “hard” services such as basic necessities for children. The division provides these services to mitigate risks of abuse and neglect so children may remain in their homes while the division works to address the underlying problems and to reunify families if children are removed from their homes for their safety and well-being.

Since the division relies upon contractors to provide in-home services, our main objective was to determine whether the division’s contract management activities assure contractor accountability for services provided.

The Division Has Been Strengthening Its Contract Monitoring Practices

During the audit, the division began strengthening its contract monitoring practices, improving contractor reporting and management information systems, implementing onsite contract monitoring, and analyzing contracted service costs. Audit work indicated the division should continue to improve its contracting practices to increase contractor accountability and improve evaluation of contracted services.

The Division Could Expand Contract Monitoring

The division has focused contract monitoring efforts primarily on tracking the number of children and families receiving services, but does not have a full range of performance measures that provide assurances contractor services meet contract requirements, achieve expected outcomes, or that costs are reasonable. For example, analysis of a sample of fiscal year 2005 contracts indicated contractors’ hourly rates ranged from approximately \$31 per hour to \$165 per hour, which suggested factors other than regional and local cost differences affected hourly rates. Further analysis indicated the division might have avoided up to \$211,000 of contract expenditures in seven

of the 2005 contracts by setting limits on the maximum hourly rate.

Service Costs for Sampled Contractors Fiscal Year 2005 Contracts					
Contractor	Contract Payments	Service Hours	Effective Hourly Rate	Cost per Family	Cost per Child
A	\$ 396,545	12,776	\$ 31.04	\$ 1,267	\$ 891
B	60,642	1,615	37.55	1,596	1,596
C	150,573	3,093	48.68	1,309	1,214
D	33,853	446	75.90	1,693	664
E	83,792	1,028	81.51	1,822	710
F	75,151	656	114.56	2,277	1,748
G	180,124	1,090	165.25	5,003	2,119
Total/Unit Costs	\$ 980,680	20,704	\$ 47.37	\$ 1,632	\$ 1,085

According to the division, subsequent review of contracts indicated improper documentation or travel requirements contributed to higher hourly rates. While actual cost avoidance may be less, without effective monitoring the division has limited assurance services costs are reasonable.

We recommend the division expand in-home services contract monitoring efforts to analyze additional performance measures.

The Division Should Clarify Contract Requirements

The division should ensure all contracts set clear contract specifications. While some contracts included detailed descriptions of contracted services, other contracts included only general descriptions of service requirements or expectations. For example, the division expects contractors to reasonably accommodate client schedules by providing services during evening or occasional weekend hours but does not specify minimum contractor hours for providing services. Also, most contracts we reviewed paid contractors based on their operating costs, not on services actually provided or on contractor performance.

During the audit, the division modified several contracts to pay contractors using a fee-for-service payment schedule that will more clearly set standards for contractor payments.

We recommend the division continue to improve contracts to ensure contract specifications are clearly stated and specify measurable criteria for contractor payments.

The Division Can Improve Its Management Information Capabilities

The division could more efficiently and effectively use its management information system for tracking and monitoring contractor activities. The existing system does not have controls to ensure contractors record activities uniformly and consistently. These limitations require additional staff time to “clean” contractor-reported data and compile data for reporting purposes. Additionally, the system was not designed for reporting purposes and requires staff to create and generate reports on an ad hoc basis. A desktop management information system (e.g., Access or dBase) would increase staff efficiencies with improved data management and reporting capabilities.

The division converted from a paper-based reporting system to an electronic system, which improved its management information capabilities. ***We recommend the division continue to update its management information system to improve data accuracy and reporting capabilities.***

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